Request for allowing NBFCs to form local area banks

2557. SHRI K. M. KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether any move to allow the Non-Banking Finance Companies with 'A' credit rating to form local area banks is under consideration of Government;

(b) if so, the details thereof;

(c) whether such steps would benefit the priority sectors like S.S.I. Finance, Agriculture and Export Finance, etc. besides retail finance sectors like consumer loans, housing loans and transport finance;

(d) whether some Non-banking Finance Companies in Andhra Pradesh would be benefited from such permission; and

(e) if so, the details in this regard district-wise and when these moves would be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) and (b) Reserve Bank of India (RBI) have reported that the Non-Banking Financial Companies (NBFCs) with 'A' credit rating are eligible to apply as promoter for establishment of local area bank subject to the usual guidelines laid down by RBI. There is no move to permit NBFCs to function as local area banks in the existing form.

(c) Local area banks aim at catering to the credit needs of the local people and to provide efficient and competitive financial intermediation services in their are of operation. It is expected that their lending will be to agriculture and allied activities, Small Scale Industries, agro-industrial activities, trading activities and the non-farm sector. The banks would have to observe the priority sector lending targets at 40 per cent of net bank credit and adhere to the requirement of landing at least 25 per cent of their priority sector deployments (10 per cent of net bank credit) to the weaker sections.

(d) and (c) RBI have informed that no proposal received from NBFCs having registered office in Andhra Pradesh has so far been conveyed "in principle" approval for establishment of local area bank.

Disinvestment of Capital of Bongaigaon Refinery

2558. SHRI DRUPAD BORGOHAIN: Will the Minister of FINANCE be pleased to state:

(a) whether is is a fact that the Ministry of Finance is going to deal with the Reliance Company to disinvest a certain percentage of capital of Bongaigaon Refinery and Petrochemicals Ltd., and

(b) if so, when it is going to be dealt with and upto what percentage?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) No, Sir.

(b) Docs not arise.

Raising of money from public issues by companies

2559. SHRI YADLAPATI VENKAT RAO: Will the Minister of FINANCE be pleased to state:

(a) the efforts made to trace 'vanishing' companies who raised money from public issues in the stock market in 1992 to 1996; and

(b) the action taken against those who did not set up units as promised.

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) As per information provided by

SEBI, 1893 companies came out with initial public offerings during the years 1993-94, 1994-95 and 1997-98. Out of these 41 companies were not traceable. The details of these companies have been forwarded by SEBI to Department of Company Affairs for appropriate action.

Irregularities in Green Park branch of State Bank of Indore

2560. SHRI GAYA SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that serious irregularities were brought to light in regular audit conducted in Green Park, New Delhi Branch of State Bank of Indore in November and December, 1995; and

(b) if so, the details thereof and the action taken, if any, against the officials responsible for that?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHA-NAN): (a) and (b) State Bank of Indore has reported that internal audit of the Green Park, New Delhi branch of the bank was carried out on 11.3.96 covering the period from 2.11.1994 to 11.3.1996. Irregularities pointed out in :the audit were • taken up for rectification. The disciplinary authority has imposed penalty on one officer for lapses in sanctioning conduct of advances.

Financial loss to State Bank of Indore

2561. SHRI GAYA SINGH: Will the Minister of FINANCE be pleased to. state:

(a) whether it is a fact that State Bank of Indore has sustained financial loss of Rs. 71 lakh by way of penal interest recovered by RBI due to negligence of the officers posted in Janak Puri, New Delhi Branch by preparing wrong vouchers and currency chest slips on 6th August, 1991 and 27th March, 1992; and

(b) if so, the details thereof and what action has been taken against responsible official?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHA-NAN): (a) and (b) The State Bank of Indore has reported that there was delay in reporting and crediting of currency chest transactions in the years, 1991 and 1992 by the bank's Janakpuri Branch, New Delhi, to the Reserve Bank of India (RBI). As per the extant instructions, the bank had to pay a penal interest of Rs. 71 lakhs. The State Bank of Indore has further reported that since the funds which were not remitted by credit to RBI remained with the bank during the relevant period and the bank deployed the funds, the amount of penal interest remitted does not necessarily amount to losses. Departmental action initiated against two officers and one Head Cashier for delay culminated in imposition of penalty on them.

Probe into smuggling of goods

2562. SHRIMATI KAMLA SINHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some time in June, 1998 a huge consignment of goods was smuggled through the Wagah Attari railway check post allegedly with the complicity of Indian officials of the customs and -DRI and that investigations into the smuggling has been delayed because of indecision by the authorities concerned;

(b) if so, what are the details thereof; and

(c) what is the present state of the investigation and when the probe is likely to be completed?